

**COASTAL INFRASTRUCTURE PROGRAM****(BA-0019)****EXECUTIVE SUMMARY**

<b>Borrower:</b>	Government of Barbados (GOB)	
<b>Guarantor:</b>	Government of Barbados	
<b>Executing Agency:</b>	Ministry of Physical Development and Environment (MPE)	
<b>Amount and Source:</b>	IDB: (OC)	US\$17.0 million
	Local:	US\$ 7.2 million
	Total:	US\$24.2 million
<b>Financial Terms and Conditions:</b>	Amortization Period:	20 years
	Grace Period:	4 years
	Disbursement Period:	4.5 years
	Interest Rate:	Variable
	Supervision and Inspection:	1%
	Credit Fee:	0.75%
	Currency:	U.S. dollars from the Single Currency Facility
<b>Objectives:</b>	The objective of the program is to support the sustainable development and improvements for shoreline preservation and management in Barbados in order to ensure a healthy environment and continued economic development for its inhabitants	
<b>Description:</b>	<p>The program comprises a range of coastal management works and activities related to four specific objectives: (1) shoreline stabilization and erosion control; (2) restoration of coastal habitats; (3) improve the amount of public coastal access; and (4) institutional strengthening for coastal management. The investment activities are all engineering works consisting of physical structures adapted to coastal and near-shore oceanographic conditions.</p> <p>The program will include the following components:</p> <ol style="list-style-type: none"> <li>1. <u>Shorelines stabilization works</u>: Includes coastal infrastructure to create and/or enhance the amenity value of beaches for local and tourist use in the following locations:</li> </ol>	

- (i) Rockley to Drill Hole; (ii) Woman's Bay; (iii) Crane beach; (iv) Holetown Beach, and (v) Welches Beach.
- 2. Coastal ecosystem recovery works: Activities include the restoration and protection of affected ecosystems at (i) Holetown Beach (lagoon aeration system) and (ii) Walkers Savannah (dune restoration).
- 3. Coastal access improvement works: Activities aimed to encourage safe and increased access to the waterfront. The works will include the Bay Street Old Hospital Jetty and Tent Bay boat access.
- 4. Institutional development: Activities to upgrade capabilities and support the process of innovating coastal management through the Coastal Zone Management Unit (CZMU) equipment, the Ministry of Physical Development and Environment (MPE): (i) staff training; (ii) strategic plan preparation; and (iii) public education strategy development.

**Relationship of  
Project in Bank's  
Country and Sector  
Strategy:**

The Program directly responds to the country's principal area of strategic focus enhancing environmental infrastructure and natural resources management. The improved coastal infrastructure will provide alternatives for leisure and recreational use of beaches by locals and visitors. Tourism has provided the backbone for Barbados' economic progress, it remains one of the largest growth industries in the world and continued benefit to Barbados is dependent on the provision to visitors of an attractive natural and built environment. The CP includes as principal areas of strategic focus to support GOB's efforts to establish adequate environmental infrastructure and a comprehensive framework that is fully cognizant of the environmental implications of economic development policies.

**Environmental/  
Social Review:**

The Committee on Environment and Social Impact – Technical Review Group (CESI/TRG) review the environmental aspects of the project in the TRG 33-01 meeting on August 31, 2001. Environmental impact studies were prepared during the feasibility studies. Additional direct stakeholder consultation was carried out as part of the updated environmental assessment from June to August of 2001.

**Benefits:** The proposed program will result in significant environmental and economic benefits resulting from shoreline stabilization of important beach tracts, the recovery of impacted ecosystems, the improved access to beaches and the upgrade institutional capabilities to coastal zone management. The economic benefits are derived from increased land value, higher stay over of tourist and avoiding increase costs of transport from road disruptions.

**Risks:** The September 11<sup>th</sup> events in the U.S. had an adverse impact on the tourism industry in Barbados, causing a 15 percent drop in tourism arrivals in the 4<sup>th</sup> quarter of 2001 and contributing to a contraction of the economy and expansion of the fiscal deficit. The GOB responded by developing a National Emergency Economic and Financial Programme, which was expected to run for 90 days in the first instance. It now appears that the drop in tourist arrivals has not been as great as originally anticipated but there is heightened uncertainty about the future international developments in the wake of the September 11<sup>th</sup> events that may affect the tourism industry and overall economic performance. In the uncertain conditions that the country faces over the next year, infrastructural investments such as this one assume a heightened importance in maintaining competitiveness in the tourism industry especially and restoring sound growth.

There are minor risks associated from a potential conflict of interest from the CZMU, a mainly regulatory and advisory agency, overseeing the construction of coastal infrastructure. The potential conflict is mitigated by the fact that the construction of works will be contracted and a project management firm will supervise the contractors. Once construction is finalized, the Ministry of Public Works and Transport (MPT) will assume responsibility for operation and maintenance.

**Special Contractual Clauses:** As conditions precedent to first disbursement the Bank will require:

- (i) The proper staffing of the Project Administration Unit (PAU) with a Project Coordinator, an experienced engineer and a financial/accounting officer (see paragraph 3.4).
- (ii) The awarding of the contract of the consulting firm in charge of preparing the final designs, tender documents and supervision of the civil works construction (project management consultant) (see paragraph 3.5).

Other conditions:

- (i) Approval of final engineering designs: Prior to the call for bids for the construction of the infrastructure coastal works, the Executing Agency will submit for the Bank's non-objection, the final engineering designs and budget. Any change in the designs will undergo appropriate revisions to the social and environmental assessment (see paragraph 3.5)
- (ii) Recognition of local counterpart contribution: The Bank may recognize as part of the local counterpart contribution the equivalent of US\$750,000 as part of the expenditures in the contracting of the project management consulting firm as established in paragraph 3.18 and incurred up to 18 months prior to approval of the loan.

**Poverty-Targeting  
and Social Equity  
Classification:**

This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation does not qualify as a Poverty Targeted Investment (PTI).

**Exceptions to Bank  
Policy:**

None.

**Procurement:**

Bank procedures will be followed in the procurement of works, goods, and consulting services. International competitive bidding will be followed for purchases of more than US\$250,000 for procurement of goods and related services, and US\$1,500,000 for construction works. Bids below these ceilings will take place in accordance with Government of Barbados procedures. Consultant services will be hired in accordance with Bank procedures

